

Improving

Better project

management

begins with

a project

management

office

Project Management

BY WILLIAM S. BATES

Establishing a project management office (PMO) is usually part of a larger effort to establish effective project management in big organizations. An undertaking of this scope must be led by senior management in order to be successful. Such an effort includes:

- establishing technical and professional processes, methods, and procedures for all of the functions of the organization;
- establishing project management methods and procedures that are generic to the organization and integrated to all of the technical and professional methods and procedures;
- defining and implementing the organization's project structures;
- setting up project management automated systems and tools to support the established technical, professional, and project management methods and procedures that are selected and implemented; and
- instituting project management education, training, and certification.

Definitions and considerations

A PMO, as discussed here, is an organizational focus point in a company for the function of project management. It ensures a consistency of approach to projects and therefore a consistency in results. The PMO is a corporate-level function that provides support, methods, procedures, systems, and policy for project management across the company. It is not usually, but can be, responsible for the execution of individual projects.

In establishing a PMO, the organization must consider several points:

- What will be the management level of the PMO head and to whom will he or she report?
- Will there be a project review committee? If so, what will be its relationship to the PMO?
- What will be the functions of the PMO?

Roles, responsibilities, and functions

If a project review committee (PRC) is to be established (which is recommended), it is usually composed of senior managers representing those parts of the organization that will be impacted by projects either in their execution or through the recipients of its products. The roles of the PRC could be included in another senior management committee if desired. The PRC could:

- provide an organizational overview of the complete project environment,
- review new project requests and plans and make recommendations,
- recommend priorities between projects, and
- review ongoing projects periodically.

The roles and functions of a PMO will depend on the requirements of a specific organization. A PMO could:

- lead the transition of the organization to an effective project environment,
- manage the organization project environment,
- manage project information, and
- provide support to the project environment.

Within each of the major functions listed above are a number of subfunctions that could be included. For example, the PMO could lead the transition to an effective project environment. In this major function, the PMO manager would establish and lead the PM transition project and manage it to a successful conclusion.

Another major function could be to manage the project environment. This normally is required in large organizations when the PMO is to have high visibility and impact. The major subfunctions include:

- Have a core of senior project directors or managers who can be assigned to major projects under another part of the organization and provide coaching and consulting services to other project managers.
- Provide instructors for the project management training program.
- Provide risk assessment and post evaluation services for projects as required.

- Provide functional guidance in the career development of project managers and other project-management-related staff. (This is usually done in conjunction with the human resources organization.)

- Develop and have approved by the corporate executive all project management policy.

The PMO also manages organization project information. In this oldest of PMO functions, the PMO provides for the care and use of all of the organization's project information. Responsibilities include:

- information management, which includes maintenance of the corporate project database to which senior managers are provided direct access;

- secretariat to the project review committee responsibilities, when it exists, which includes review of new project plans prior to PRC review and administration of PRC meetings; and

- provide a project archives custodian to collect project information for analysis and historical purposes.

In addition, the PMO serves a project support role, which can encompass two major areas:

- To provide a source of project staff other than project managers. The PMO could maintain a pool or source list of professional and administrative staff available for projects.

- To be responsible for the selection, development, and maintenance of project management methodology, procedures, and systems. Processes and systems should be consistent across the organization, and one unit of the organization should have ownership of them. That should be the PMO.

PMO manager requirements

A key to the success of the PMO is selecting the right PMO manager. The selection criteria should include the following considerations:

- The management experience of the PMO manager should be commensurate with the level of the position to ensure an ability to interact with peers.

- The PMO manager must have significant project management experience. This individual should be seen in the organization as the project management "guru."

- The PMO manager should have excellent people skills and set the example in leadership. This is an important issue since it is people who complete projects, so the way project managers handle people is critical to success.

- Financial management skills and experience are required to provide the PMO manager with an ability to assist the organization with better management of an environment that probably consumes a large portion of the organization's budget.

- Negotiating skills are required to achieve results with project managers as well as suppliers of goods and services that are required to establish and operate the PMO.

Phases of implementation

The implementation of a PMO is usually part of a larger effort by an organization to bring it to a higher level of project management capability and competency. Considering just the PMO requirement, there should be three phases: assessment, planning, and implementation

The **assessment phase** should be fairly short. It is usually executed by a set of interviews and document reviews to determine answers to the following questions as a minimum:

- Is there active support among executive and senior management to implement the PMO?

- What are the goals and objectives of the organization?

- How does the organization want to manage its project environment overall?

- At what stage of corporate growth is the organization?

- Is the position and visibility of the PMO likely to increase or decrease over the next five years of the company's development?

- What current project management methodologies, procedures, processes, and systems exist or are planned?

- How does the organization visualize a PMO today?

The **planning phase** has two major elements: the definition of the PMO organization and a project implementation plan for the last phase.

The PMO organization portion involves defining:

- the functions and responsibilities of the PMO;

- the staffing of the PMO;

- the level of the PMO manager and to whom that person will report;

- the methodologies, procedures, and systems to be required;

- the internal operating procedures required for the PMO;

- the project education and training program to be implemented; and

- the project staff assessment and certification program to be used.

The project implementation plan should contain:

- the scope definition (which includes the project charter and a work breakdown structure with dictionary);

- detailed work-package (task) plans that describe the work, as well as identify and estimate resources;

- a project schedule with resource analysis completed (which is contained in project management software);

- a project budget; and

- a definition of the control processes to be used for the project.

Upon approval of the project implementation plan, the **implementation phase** can commence. Depending on the requirements defined, the implementation phase could include the following work:

- identification of the PMO staff,

- development of the defined PMO internal operating procedures,

- establishment of the corporate project management methodology,

- selection and implementation of project management software tools,

- establishment of the project management education and training program, and

- establishment of the project staff assessment and certification program. ■

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